

Message Text

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ACTION EUR-12

INFO OCT-01 AS-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07

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R 131316Z MAY 76

FM AMEMBASSY HELSINKI
TO SECSTATE WASHDC 9982
INFO AEMBASSY BONN 1306
AMEMBASSY COPENHAGEN
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY OSLO
AMEMBASSY STOCKHOLM

C O N F I D E N T I A L SECTION 1 OF 2 HELSINKI 0983

E.O. 11652: GDS

TAGS: PINT, FI

SUBJECT: MIETTUNEN GOVERNMENT RESIGNS

REF: HELSINKI 937 (NOTAL), HELSINKI 0719 (NOTAL)

1. SUMMARY: NEGOTIATIONS ON GOVERNMENT FINANCING HAVING FAILED, PRIME MINISTER MARTTI MIETTUNEN REQUESTING PRESIDENT KEKKONEN TO ACCEPT RESIGNATION OF HIS GOVERNMENT, WHICH KEKKONEN EXPECTED TO DO. GOVERNMENT, INCLUDING COMMUNISTS, WILL CARRY ON IN CARETAKER CAPACITY. KEKKONEN MEETING WITH LEADERSHIP OF ALL FIVE PARTIES IN COALITION GOVERNMENT ON MAY 13 AND HAS SAID HE WILL DECIDE FOLLOWING DAY ON MOST APPROPRIATE ACTION. EXPECTATION IS THAT KEKKONEN WILL ATTEMPT PERSUADE, BUT NOT FORCE, THE FOUR NON-COMMUNIST PARTIES TO CONTINUE IN NEW FOUR-PARTY COALITION GOVERNMENT HEADED BY MIETTUNEN. THIS FAILING, NORMAL ROUND OF GOVERNMENT NEGOTIATIONS WOULD FOLLOW. SOCIAL DEMOCRATIC PARTY CHAIRMAN AND PRESENT FOREIGN MINISTER SORSA TOLD AMBASSADOR MAY 12 IMMEDIATELY
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PRECEEDING GOVERNMENT DECISION TO RESIGN THAT NEGOTI-

TIATIONS FOR FOUR-PARTY COALITION GOVERNMENT COMPOSED OF SOCIAL DEMOCRATS AND THREE CENTRIST PARTIES WOULD BE DIFFICULT AND PROTRACTED. OTHER POSSIBILITIES ARE SOCIAL DEMOCRATIC OR CENTRIST MINORITY GOVERNMENT, OF "EXPERTS" GOVERNMENT WHICH WOULD RESULT IN EARLY ELECTIONS, PROBABLY THIS FALL. SORSA ALSO SAID THAT KEKKONEN HAS DECIDED NOT TO INVOLVE HIMSELF IN FORMING NEW GOVERNMENT TO THE SAME EXTENT AS WHEN HE FORCED MIETTUNEN GOVERNMENT INTO BEING NOVEMBER 30, 1975. IF SORSA IS RIGHT, OUTLOOK FOR SPEEDY RESOLUTION OF GOVERNMENT CRISIS NOT PROMISING. END SUMMARY.

2. THE MIETTUNEN GOVERNMENT DECIDED AT ITS EVENING MEETING MAY 12 THAT SINCE NO SOLUTION ACCEPTABLE TO ALL FIVE PARTIES MAKING UP COALITION GOVERNMENT COULD BE FOUND FOR THE FINANCING OF THIS YEAR'S SPECIAL "EMPLOYMENT" BUDGET AND NEXT YEAR'S REGULAR BUDGET, THE GOVERNMENT SHOULD REQUEST PRESIDENT KEKKONEN TO ACCEPT ITS RESIGNATION. THE STICKING POINT IN THE FINANCING NEGOTIATIONS CARRIED OUT AMONG THE COALITION PARTNERS SINCE MAY 4 WAS THE COMMUNIST'S ADAMANT REFUSAL TO ACCEPT THE PROPOSED TWO PERCENT INCREASE IN THE NATIONAL SALES TAX THAT THE OTHER PARTNERS CONSIDERED NECESSARY. OPINION ON WHETHER TO STAY IN THE GOVERNMENT, AND ON WHAT TERMS, WAS DIVIDED IN THE MAJORITY FACTION OF THE COMMUNIST PARTY. SOME OF THE NON-COMMUNIST PEOPLE'S DEMOCRATS AND THE MOST MODERATE COMMUNISTS WANTED THE MAJORITY FACTION REPRESENTATIVES TO CONTINUE IN THE GOVERNMENT. THE LEADER OF THE MAJORITY FACTION, COMMUNIST PARTY CHAIRMAN SAARINEN, FORCED THROUGH HIS DECISION TO OPPOSE ANY SALES TAX INCREASE WHATEVER THE CONSEQUENCES. PRIOR TO MAY 12 SHOWDOWN THE COMMUNISTS ON THE ONE HAND AND THE OTHER FOUR PARTIES ON THE OTHER HAD TAKEN SUCH RIGID POSITIONS ON THE SALES TAX QUESTION THAT TO GIVE IN WOULD HAVE MEANT A MAJOR LOSS OF FACE.

3. FORMAL DISMISSAL REQUEST WILL BE PRESENTED TO KEKKONEN BY PRIME MINISTER MARTTI MIETTUNEN AT NOON ON MAY 13, BUT IT SEEMS CERTAIN THAT KEKKONEN WILL ACCEPT. KEKKONEN HAS SCHEDULED MEETINGS WITH THE LEADER-CONFIDENTIAL

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SHIP OF ALL THE FIVE COALITION PARTIES FOR MAY 13 AND WILL DECIDE THE FOLLOWING DAY ON THE MOST APPROPRIATE ACTION. FOR THE TIME BEING, THE MIETTUNEN GOVERNMENT, INCLUDING THE COMMUNISTS, WILL CARRY ON IN A CARETAKER CAPACITY.

4. THE EXPECTATION IS THAT KEKKONEN WILL CONCENTRATE IN THE MAY 13 TALKS ON TRYING SOUND OUT AND PERSUADE THE

FOUR NON-COMMUNIST PARTIES (SOCIAL DEMOCRATS, CENTER, LIBERAL, SWEDES) TO FORM A NEW FOUR-PARTY GOVERNMENT UNDER THE LEADERSHIP OF MIETTUNEN. IF THIS FAILS, THE NEXT STEP WOULD BE A NORMAL ROUND OF GOVERNMENT NEGOTIATIONS, WHERE KEKKONEN WOULD NAME ONE FORMATEUR AFTER ANOTHER TO TRY TO PUT TOGETHER A GOVERNMENT THAT WOULD ENJOY THE CONFIDENCE OF PARLIAMENT. THE ALTERNATIVES TO A FOUR-PARTY COALITION COMPOSED OF THE SOCIAL DEMOCRATS AND THE THREE CENTRIST PARTIES ARE A SOCIAL DEMOCRATIC OR A CENTRIST MINORITY GOVERNMENT, OR AN "EXPERTS" GOVERNMENT LEADING TO EARLY PARLIAMENTARY ELECTION, PROBABLY THIS FALL. THERE IS ALSO, AT LEAST IN THEORY, THE ALTERNATIVE OF NON-SOCIALIST GOVERNMENT MADE UP OF THE THREE CENTRIST PARTIES, THE CONSERVATIVES, AND THE CRISTIANS -- WHICH WOULD COMMAND AT LEAST 102 VOTES OUT OF 200 IN PARLIAMENT, BUT NO ONE TAKES THIS SERIOUSLY BECAUSE OF THE "UNACCEPTABILITY" OF THE CONSERVATIVES.

5. SOCIAL DEMOCRATIC PARTY (SDP) CHAIRMAN AND PRESENT FOREIGN MINISTER KALEVI SORSA RECEIVED THE AMBASSADOR ON MAY 12 IMMEDIATELY BEFORE THE MEETING AT WHICH THE GOVERNMENT DECIDED TO RESIGN. ALTHOUGH THE PRIMARY PURPOSE OF THE AMBASSADOR'S CALL WAS TO DISCUSS HIGH LEVEL EXCHANGES OF VISITS AND BILATERAL QUESTIONS, THE GOVERNMENT CRISIS INEVITABLY CAME UP. SORSA TOLD THE AMBASSADOR THAT THE GOVERNMENT WOULD RESIGN, THAT PRESIDENT KEKKONEN HAD DECIDED NOT INVOLVE HIMSELF TO THE SAME EXTENT AS WHEN HE FORCED THE MIETTUNEN GOVERNMENT INTO BEING ON NOVEMBER 30, 1975, AND THAT NEGOTIATIONS FOR A FOUR-PARTY COALITION GOVERNMENT WOULD BE DIFFICULT AND PROTRACTED. SORSA SAID THAT PART OF THE DIFFICULTY WAS THE FACT THAT THERE WERE COMPLICATED PROBLEMS TO

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BE RESOLVED CONCERNING AGRICULTURE WHICH INVOLVED TAXATION AS WELL AS SUBSIDIES LEADING TO OVER-PRODUCTION. PART OF THE PROBLEM WAS A DEEP-ROOTED HATRED BETWEEN FARMERS AND WORKERS. ANOTHER PART WAS THE INTERNAL POWER STRUGGLE WITHIN THE CENTER PARTY HEATING UP IN ADVANCE OF ITS JUNE CONGRESS. ANOTHER PART WAS THAT NEITHER THE SUPPORTERS OF THE SDP OR THE CENTER PARTY

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C O N F I D E N T I A L SECTION 2 OF 2 HELSINKI 0983

UNDERSTOOD THE GRAVE ECONOMIC DIFFICULTIES FACING
FINLAND AT THIS TIME AND WERE THEREFORE UNPREPARED FOR
NECESSARY SACRIFICES. SORSA ALSO MENTIONED THE UPCOMING
PROVINCIAL ELECTIONS THIS FALL AS A FACTOR, BUT ADDED
THEY MUST NOT BE ALLOWED TO PREVENT FORMATION OF NEW
GOVERNMENT. SORSA TOLD THE AMBASSADOR THAT IN HIS OPINION
A CENTRIST MINORITY GOVERNMENT WOULD HAVE A BETTER POSSI-
BILITY OF SURVIVING THAN AN SDP MINORITY GOVERNMENT
BECAUSE OF THE BOURGEOIS MAJORITY IN PARLIAMENT. SORSA
DISCOUNTED THE IDEA OF AN "ESPERTS" GOVERNMENT SINCE IT
WOULD LEAD TO EARLY ELECTIONS, WHICH HE INDICATED
KEKKONEN WAS DEAD SET AGAINST.

6. COMMENT: READING BETWEEN THE LINES FROM WHAT
SORSA SAID, WE CONCLUDE THAT THE SOCIAL DEMOCRATS
ARE GOING TO DEMAND A VERY HIGH PRICE FOR THEIR
PARTICIPATION IN A COALITION GOVERNMENT. THIS
FURTHER CONFIRMED BY COMMENTS OF SDP PLANNING
SECRETARY LIPPONEN TO LABATT INDICATING THAT THE SDP
WAS SEEKING THE POSTS OF PRIME AND FINANCE MINISTERS
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AND WOULD ACTUALLY JUST AS SOON SEE A SOCIAL DEMOCRATIC

MINORITY GOVERNMENT AS A FOUR-PARTY COALITION. THE CENTER PARTY AGAIN IS UNDER HEAVY PRESSURE FROM THE AGRICULTURAL PRODUCERS ORGANIZATION (MTK) NOT TO GIVE IN TO SDP DEMANDS. THIS, COUPLED WITH THE POWER STRUGGLE WITHIN THE PARTY ON THE EVE OF THEIR JUNE CONGRESS, MAKES IT ALMOST IMPOSSIBLE FOR THEM TO GIVE VERY MUCH. THE SDP IS MORE UNITED THAN THE CENTRISTS, WHO HAVE TO FIND POSITIONS ACCEPTABLE TO ALL THREE OF THE RATHER DIVERSE PARTIES INVOLVED IN THAT GROUP, AND MAY FEEL THAT THEY HAVE THE WHIP-HAND. IF SORSA IS RIGHT ABOUT KEKKONEN NOT INTENDING TO INVOLVE HIMSELF TO ANY UNUSUAL DEGREE IN FORMING A NEW GOVERNMENT, THE NEGOTIATIONS MAY PROVE NOT ONLY DIFFICULT AND PROTRACTED BUT MAY WELL FOUNDER ON SHOALS OF THE PERSONAL POLITICAL AMBITIONS OF SOME OF THOSE INVOLVED. IN THE END KEKKONEN OF COURSE CANNOT STAY ALOOF, AND HE MAY YET DECIDE TO TRY TO FORCE THROUGH A QUICK SOLUTION. IF NOT, OR UNTIL HE DOES, THE OUTLOOK FOR RESOLUTION OF THE GOVERNMENT CRISIS IS NOT PROMISING.

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